

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4377

March 13, 2003

**R E S O L U T I O N**

**(RES. W-4377), ALCO WATER SERVICE (ALCO). ORDER GRANTING A RATE INCREASE TO COMPENSATE FOR RECEIVERSHIP COSTS FOR ALCO'S SMALL SYSTEMS CONSISTING OF MOSS LANDING WATER SERVICE, INC., NORTH MONTEREY COUNTY WATER SERVICE, INC., BLACKIE ROAD WATER SYSTEM #18, SAN JERADO WATER SYSTEM, VIERRA CANYON WATER SYSTEM, LANGLEY/VALLE PACIFICO WATER SYSTEM AND BUENA VISTA WATER SYSTEM FOR A TOTAL AMOUNT OF \$77,226 OR 29.9%.**

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**SUMMARY**

By Advice Letter No. 89, received September 23, 2002, Alco requests a rate increase to compensate for \$126,000 receivership costs for Alco's Small Systems. This Resolution rejects the request of Advice Letter No. 89, and authorizes a rate increase in the lesser amount of \$77,226 to compensate for receivership costs.

**BACKGROUND**

By an Order received on July 1, 2002, the United States District Court for the Northern District of California, San Jose Division appointed John Richardson as Equitable Receiver for Alco's Small Water systems. On August 8, 2002, in accordance with Res. W-4346, the Commission recognized John Richardson as Receiver for Alco's small systems. The Receiver's primary assignment was to prepare the systems for sale to a new owner. The Receiver decided to keep Alco's present staff operating the systems. This Advice Letter requests costs to prepare the systems for sale as required by the District Court order appointing the Receiver. These preparation costs consist of conducting tours of the facilities

to familiarize potential buyers with the systems, preparing sales brochures, and conducting research to answer complicated transfer questions.

## **DISCUSSION**

Advice Letter No. 89 requests a rate increase to compensate for \$126,000 in receivership costs for just the Moss Landing Water Service, Inc., North Monterey County Water Service, Inc., Blackie Road Water System #18, San Jerado Water System, Vierra Canyon Water System, Langley/Valle Pacifico Water System, and Buena Vista Water Systems. Since Alco's present staff continues to operate the systems, it is proper for the Receiver to seek and be authorized his costs to prepare the systems for sale as required by the District Court action appointing the Receiver. Water Division staff, the Receiver, and the Receiver's consultant met in November, 2002 to discuss and review the needs of the Receiver for funds in light of the numerous protests received from customers. Instead of a cost of \$126,000 requiring a surcharge of \$15.50 per customer per month for 12 months as was requested in the advice letter, it was tentatively agreed upon that a cost of \$77,226 requiring a surcharge of \$9.50 per customer per month for 12 months would be more appropriate. Water Division's further review of workpapers submitted by Alco verified this amount. Therefore, this resolution rejects the request of Advice Letter No. 89 and grants an increase in revenue of \$77,226 via a surcharge of \$9.50 per customer per month for 12 months.

## **NOTICE TO CUSTOMERS**

Notice of the proposed rate increase was mailed to the individual customers on October 15, 2002. The Water Division has received 62 letters objecting to the size of the rate increase. None of these letters raised substantive issues and the Water Division concludes that the lesser increase recommended in this resolution is justified.

## **FINDINGS**

1. The United States District Court for the Northern District of California, San Jose Division appointed John Richardson as Equitable Receiver for Alco's Small Water systems.
2. The workpapers reflecting utility's operating costs do not support the rate increase request of \$126,000.

3. The Commission finds, after investigation by the Water Division, that a rate increase of \$77,226 is justified.
4. It is just and reasonable to establish rates to recover costs of \$77,226 over a 12-month period.

**THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 for Alco Water Service to file an advice letter incorporating the revised schedules attached to this resolution as Appendix A and concurrently cancel its presently effective rates Schedule No. 1, General Metered Service; Schedule No. 1-ND, Normco Metered Service; and Schedule No. 1-ML, Moss Landing General Metered Service. Its filing shall comply with General Order 96-A. The effective date of the revised schedules shall be five days after the date of its filing.
2. Advice Letter No. 89 is rejected.
3. Alco Water Service is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
4. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on March 13, 2003; the following Commissioners voting favorably thereon:

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WILLIAM AHERN  
Executive Director

MICHAEL R. PEEVEY  
President

CARL W. WOOD  
LORETTA M. LYNCH  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners

**APPENDIX A**  
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**ALCO WATER SERVICE**

**Schedule No. 1**  
**GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered service.

**TERRITORY**

City of Salinas and vicinity, Monterey County.

**RATES**

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
All water, per 100 cu. ft. ....	\$ 1.021
Service Charge:	
For 5/8 x 3/4 inch meter .....	\$ 6.60
For 3/4 inch meter .....	9.80
For 1 inch meter .....	15.25
For 1-1/2 inch meter .....	29.75
For 2 inch meter .....	48.00
For 3 inch meter .....	88.00
For 4 inch meter .....	144.00
For 6 inch meter .....	295.00
For 8 inch meter .....	435.00
For 10 inch meter .....	610.00

The Service Charge is a readiness-to-serve charge, which is applicable to all metered service, and to which is to be added the charge for water used computed at the Quantity Rates.

**SPECIAL CONDITIONS**

1. Due to the undercollection in the balancing account, a surcharge of \$0.038 per Ccf, is to be added to the standard quantity rate for 12 months from June 11, 2002, the effective date of Advice Letter No. 87. (T)  
(D)
2. Due to the emergency receivership costs, all bills are subject to surcharge of \$9.50 per customer per month for 12 months from the effective date of the advice letter filing. (N)  
(N)  
(N)

3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.

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**ALCO WATER SERVICE**  
**Normco Division**

**Schedule No. 1-ND**  
**Metered Service**

**APPLICABILITY**

Applicable to all metered service.

**TERRITORY**

The areas served by the Alco Water Service outside the city limits of Salinas, California currently known as Normco Division and the North Monterey County area.

**RATES**

	<u>Per Meter</u> <u>Per Month</u>
Quantity Rates:	
All water, per 100 cu. ft. ....	\$1.979
Service Charge:	
For 5/8 x 3/4 inch meter .....	\$ 10.00
For 3/4 inch meter .....	15.00
For 1 inch meter .....	25.00
For 1-1/2 inch meter .....	35.00
For 2 inch meter .....	45.00

The Service Charge is a readiness-to-serve charge, which is applicable to all metered service, and to which is to be added the charge for water used at the Quantity Rates.

**SPECIAL CONDITIONS**

1. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
2. A late charge will be imposed per Schedule No. LC.
3. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.
4. Due to the emergency receivership costs, all bills are subject to a surcharge of (N)  
\$9.50 per customer per month for 12 months from the effective date of the (N)  
advice letter filing. (N)

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**ALCO WATER SERVICE**  
**Moss Landing Division**

**Schedule No. 1-ML**  
**GENERAL METERED SERVICE**

**APPLICABILITY**

Applicable to all metered water service.

**TERRITORY**

Moss Landing Harbor and Town, the Monterey Dunes area, and north along the Monterey Bay Coast.

**RATES**

	Per Meter <u>Per Month</u>
Quantity Rates:	
For all water delivered, per 100 cu. ft. ....	\$ 1.450
Service Charge:	
For 5/8 x 3/4 inch meter .....	\$ 21.50
For 3/4 inch meter .....	32.25
For 1 inch meter .....	53.75
For 1-1/2 inch meter .....	107.50
For 2 inch meter .....	172.00
For 3 inch meter .....	323.00

The Service Charge is a readiness-to-serve charge, which is applicable to all metered service and to which is to be added the charge for water used computed at the Quantity Rates.

**SPECIAL CONDITIONS**

1. A late charge will be imposed per Schedule No. LC.
2. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.
3. All bills are subject to the reimbursement fee set forth in Schedule No. UF.
4. Due to the emergency receivership costs, all bills are subject to a surcharge of (N)  
\$9.50 per customer per month for 12 months from the effective date of the (N)  
advice letter filing. (N)